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**POSSIBLE MARITIME OBJECTIVES AND ACTIVITIES OF COMMUNIST
CHINA FOR THE PERIOD 1970-1980 -- PARTICULARLY WITH REFERENCE
TO THE INDIAN OCEAN AND THE WESTERN PACIFIC**

There are no data available on Communist China's plan goals in the fields of trade and merchant shipping for the period 1970-1980 or for 1967-1969. Trends through 1966, prior to large scale disruption of trade and shipping patterns as a result of the cultural revolution and, to a lesser extent, of the closure of the Suez Canal indicate that China's trade with key countries adjacent to the Western Pacific and the Indian Ocean will increase at moderate rates in the short run, at least. There is some question, however, that Chinese foreign trade will be able to sustain even these rates of growth in the long run. Under present policy, import levels are tailored to export levels and no foreign trade deficits are tolerated. With domestic consumption on the increase, China is unable to increase output of agricultural products -- its chief exports -- fast enough to assure continuing expansion of foreign trade at present rates. As China's international merchant fleet will probably grow at a faster rate than its foreign trade an increasing share of China's seaborne trade will be carried in its own ships. What growth there is in China's trade with countries adjacent to the Western Pacific and the Indian Ocean and with more remote areas such as Canada, Cuba, and various countries in Europe will lead to increased movements of Chinese Communist ~~ships~~ and ships through the Western Pacific and the Indian Ocean.

Communist China's trading partners adjacent to the Indian Ocean are all less-developed countries. China's trade with these countries increased from \$345 million in 1965 to \$472 million in 1966. The most important trading

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partners in terms of value were Malaysia/Singapore, Pakistan, Iraq, and Tanzania. China's exports to the Indian Ocean area included food, textiles, coal, and construction materials; its imports from the area included cotton, rubber, and sisal. This trade as well as trade with Europe is moved on Chinese ships, chartered foreign ships (mostly time-chartered), and Free World and Polish cargo liners.

During 1965 and 1966 China's main trading partners in the Western Pacific were Japan, the USSR, Hong Kong, Australia, North Korea, and North Vietnam. The value of China's trade with these countries, part of which moved by land, increased from \$1,643 million in 1965 to \$1,762 million in 1966. China's imports from the area included wheat from Australia, rubber from Indonesia, timber from Cambodia, fertilizers from North Korea, cement and coal from North Vietnam, and industrial equipment, and chemicals from Japan. China's exports to the area included textiles, salt, foodstuffs, coal, and construction equipment.

Chinese wheat imports from Australia moved entirely on Free World ships chartered by China. Seaborne trade with Cambodia and North Vietnam moved on both Chinese ships and on Chinese-chartered Free World ships. Seaborne trade with Japan and North Korea moved on ships in these two categories and on Japanese cargo liners. Most of China's seaborne trade with the USSR consisted of exports on Soviet ships.

China's substantial imports of wheat from Canada and its trade with Cuba, largely rice exports and sugar imports, both moved through the Western Pacific. Through mid-1967 all of this trade moved on Free World ships under Chinese time charter.

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As China's international merchant fleet grows China will carry an increasing share of its own seaborne foreign trade and gradually reduce its current heavy dependence on chartered Free World ships. The tonnage of China's international fleet which was 120,000 deadweight tons at the end of 1964, increased to 213,000 deadweight by the end of 1965, and to 336,000 by the end of 1966.

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